THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) (a) to (f) The Fifth Pay Commission has submitted its Report on 30th January, 1997 to the Government. It has made wide ranging recommendations covering all service conditions of the Central Government employees, including the Armed Forces personnel. The Commission bas, inter alia, recommended an increase in the age of retirement from 58 years to 60 years, except in respect of those employees who are on extension and the personnel of the Central Police Organisations and the Armed Forces. The Government have set up an Empowered Committee to process the recommendations of the Commission. The views of the Staff Side in the National Council (JCM) will also be ascertained before decisions are taken by the Government.

Fluctuation in Stock Market

338. DR. MANMOHAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the sharp fluctuations in the country's stock markets during the month of January, 1997; and

(b) if so, what are the reasons for these fluctuations?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Government and the Securities and Exchange Board of India (SEBI) are aware of the fluctuations in the Indices of the prices of shares in Stock Exchanges during the month of January, 1997.

(b) There are various factors which effect the movement of prices of shares. Some of these factors relate to the expectations of investors regarding the performance of the corporate sector and the economy in general, perceptions of the investors about economic policies of the Government, developments in international capital markets and speculative activity. The fluctuations in the prices of shares witnessed during January, 1997 can also be attributed to the expectations in the market of the announcement of certain measures for the further development of the capital market and reintroduction of the old form of trading in specified shares with carry forward facility.

Fiscal incentives for Cellular and Basic Telecom Service Operations

339. SHRI JAYANT KUMAR MALHOUTRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have announced new fiscal incentives for cellular and baisc telecom service operation, including treating of the telecom sector as infrastructure;

(b) if so, the details thereof;

(c) whether it is also a fact that guidelines for External Commercial Borrowing limits for telecom projects have been amended;

(d) if so, whether telecom companies would get the same debt-equity ratio as is allowed in the power sector; and

(e) if not, the reasons thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes Sir.

(b) to (e) In keeping with overall Government policy to treat telecom as a priority sector and having regard to the capital-intensity of telecom projects and the nature of cash flows in such projects, the Government has announced the following incentives to cellular and basic telecom service operator:—

— Telecom will be treated as infrasturcture and all fiscal benefits like tax holiday, concessional project import duty, etc., now being made available to the power will be extended to the telecom sector also.

— ECB limits for telecom projects will be made flexible and an increase from the present 35% to 50% of project cost will be allowed as a matter of course.

— The license fee being paid by the two public sector telecom companies viz. MTNL and VSNL has been treated as revenue expenditure in the past. The OBDT is engaged in a comprehensive analysis of whether license fees should be treated as revenue expenditure or as capital expenditure with a provision for amortisation over the period of the license agreement.